



# Midwest Health Plan, Inc.

\_\_\_\_\_  
(City, or Town, State and Zip Code) (Area Code) (Telephone Number)(Extension)

## OFFICERS

Treasurer Robert Rubin DPM

## VICE PRESIDENTS

Allen A. Kessler CPA

## DIRECTORS OR TRUSTEES

Nancy Mirkovich

State of Michigan  
County of Wayne ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manuals except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

(Signature)  
Mark Saffer  
(Printed Name)  
President

(Signature)  
**Jack Shapiro**  
 \_\_\_\_\_  
 (Printed Name)  
 Secretary

(Signature)  
Robert Rubin  
(Printed Name)  
Treasurer

a. Is this an original filing? Yes[X] No[ ]

b. If no,      1. State the amendment number \_\_\_\_\_

                  2. Date filed \_\_\_\_\_

                  3. Number of pages attached \_\_\_\_\_

Subscribed and sworn to before me this  
day of \_\_\_\_\_, 2003

\_\_\_\_\_  
(Notary Public Signature)

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets	Net Admitted Assets
1.	Bonds .....	1,017,201		1,017,201	1,039,842
2.	Stocks: .....				
2.1	Preferred stocks .....				
2.2	Common stocks .....				
3.	Mortgage loans on real estate: .....				
3.1	First liens .....				
3.2	Other than first liens .....				
4.	Real estate (Schedule A): .....				
4.1	Properties occupied by the company (less \$..... encumbrances) .....			(a)	
4.2	Properties held for the production of income (less \$..... encumbrances) .....				
4.3	Properties held for sale (less \$..... encumbrances) .....				
5.	Cash (\$.....23,653,271, Schedule E - Part 1) and short-term investments (\$....., Schedule DA - Part 2) .....	23,653,271		23,653,271	14,498,706
6.	Other long-term invested assets .....				
7.	Receivable for securities .....				
8.	Aggregate write-ins for invested assets .....				
9.	Subtotal, cash and invested assets (Lines 1 to 8) .....	24,670,472		24,670,472	15,538,548
10.	Accident and health premiums due and unpaid .....	2,119,609		2,119,609	4,003,296
11.	Health care receivables .....	15,972	15,972		535,099
12.	Amounts recoverable from reinsurers .....	88,705		88,705	34,820
13.	Net adjustment in assets and liabilities due to foreign exchange rates .....				
14.	Investment income due and accrued .....				
15.	Amounts due from parent, subsidiaries and affiliates .....				
16.	Amounts receivable relating to uninsured accident and health plans .....				
17.	Furniture and equipment .....	17,784	17,784		
18.	Amounts due from agents .....				
19.	Federal and foreign income tax recoverable and interest thereon (including \$..... net deferred tax asset) .....	465,000	465,000		
20.	Electronic data processing equipment and software .....	506,693		506,693	851,558
21.	Other nonadmitted assets .....				
22.	Aggregate write-ins for other than invested assets .....	55,883		55,883	87,229
23.	Total assets (Lines 9 plus 10 through 22) .....	27,940,118	498,756	27,441,362	21,050,550
DETAILS OF WRITE-INS					
0801.	.....				
0802.	.....				
0803	.....				
0898.	Summary of remaining write-ins for Line 8 from overflow page .....				
0899.	TOTALS (Lines 0801 through 0803 plus 0898) (Line 8 above) .....				
2201.	Leasehold Improvements .....	55,883		55,883	87,229
2202.	.....				
2203.	.....				
2298.	Summary of remaining write-ins for Line 22 from overflow page .....				
2299.	TOTALS (Lines 2201 through 2203 plus 2298) (Line 22 above) .....	55,883		55,883	87,229

(a) \$..... health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded) .....	14,537,710		14,537,710	13,152,601
2.	Accrued medical incentive pool and bonus payments .....	1,219,720		1,219,720	790,850
3.	Unpaid claims adjustment expenses .....	260,000		260,000	
4.	Aggregate policy reserves .....				
5.	Aggregate claim reserves .....				
6.	Premiums received in advance .....				
7.	General expenses due or accrued .....	213,075		213,075	851,145
8.	Federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses)) (including \$..... net deferred tax liability) .....	910,711		910,711	51,226
9.	Amounts withheld or retained for account of others .....				
10.	Borrowed money (including \$..... current) and interest thereon \$..... (including\$..... current) .....				
11.	Amounts due to parent, subsidiaries and affiliates .....	74,967		74,967	
12.	Payable to securities .....				
13.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers .....				
14.	Reinsurance in unauthorized companies .....				
15.	Net adjustments in assets and liabilities due to foreign exchange rates .....				
16.	Liability for amounts held under uninsured accident and health plans .....				
17.	Aggregate write-ins for other liabilities (including \$..... current) .....	91,146		91,146	78,151
18.	Total liabilities (Lines 1 to 17) .....	17,307,329		17,307,329	14,923,973
19.	Common capital stock .....	X X X	X X X	220,000	220,000
20.	Preferred capital stock .....	X X X	X X X		
21.	Gross paid in and contributed surplus .....	X X X	X X X		
22.	Surplus notes .....	X X X	X X X		
23.	Aggregate write-ins for other than special surplus funds .....	X X X	X X X		
24.	Unassigned funds (surplus) .....	X X X	X X X	9,914,033	5,906,577
25.	Less treasury stock, at cost:	X X X	X X X		
25.1	..... shares common (value included in Line 19 \$.....) .....	X X X	X X X		
25.2	..... shares preferred (value included in Line 20 \$.....) .....	X X X	X X X		
26.	Total capital and surplus (Lines 19 to 25) .....	X X X	X X X	10,134,033	6,126,577
27.	Total liabilities, capital and surplus (Lines 18 and 26) .....	X X X	X X X	27,441,362	21,050,550
DETAILS OF WRITE-INS					
1701.	Accrued Salary & Payroll Taxes .....	83,746		83,746	49,201
1702.	Unearned Grant Funding .....	7,400		7,400	28,950
1703	.....				
1798.	Summary of remaining write-ins for Line 17 from overflow page .....				
1799.	TOTALS (Lines 1701 through 1703 plus 1798) (Line 17 above) .....	91,146		91,146	78,151
2301	.....	X X X	X X X		
2302	.....	X X X	X X X		
2303	.....	X X X	X X X		
2398.	Summary of remaining write-ins for Line 23 from overflow page .....	X X X	X X X		
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above) .....	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months .....	X X X .....	457,773	401,185
2.	Net premium income .....	X X X .....	78,513,831	66,390,617
3.	Change in unearned premium reserves and reserve for rate credits .....	X X X .....		
4.	Fee-for-service (net of \$..... medical expenses) .....	X X X .....		
5.	Risk revenue .....	X X X .....		
6.	Aggregate Write-Ins for Other health care related revenues .....	X X X .....	115,824	10,640
7.	Total revenues (Lines 2 to 6) .....	X X X .....	78,629,655	66,401,257
Medical and Hospital:				
8.	Hospital/medical benefits .....		34,203,423	30,895,456
9.	Other Professional Services .....		1,848,671	964,460
10.	Outside Referrals .....		10,199,878	9,701,175
11.	Emergency room and out-of-area .....		5,346,561	4,672,915
12.	Prescription drugs .....		12,148,254	9,818,896
13.	Aggregate write-ins for other medical and hospital .....		260,000	
14.	Incentive pool and withhold adjustments .....		2,110,873	1,328,936
15.	Subtotal (Lines 8 to 14) .....		66,117,660	57,381,838
LESS:				
16.	Net reinsurance recoveries .....			
17.	Total medical and hospital (Lines 15 minus 16) .....		66,117,660	57,381,838
18.	Claims adjustment expenses .....		1,320,000	
19.	General administrative expenses .....		6,136,282	6,602,011
20.	Increase in reserves for accident and health contracts .....			
21.	Total underwriting deductions (Lines 17 through 20) .....		73,573,942	63,983,849
22.	Net underwriting gain or (loss) (Lines 7 minus 21) .....	X X X .....	5,055,713	2,417,408
23.	Net investment income earned .....		348,679	461,067
24.	Net realized capital gains or (losses) .....			
25.	Net investment gains or (losses) (Lines 23 plus 24) .....		348,679	461,067
26.	Net gain or (Loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)] .....			
27.	Aggregate write-ins for other income or expenses .....			
28.	Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27) .....		5,404,392	2,878,475
29.	Federal and foreign income taxes incurred .....	X X X .....	1,889,000	930,000
30.	Net income (loss) (Lines 28 minus 29) .....	X X X .....	3,515,392	1,948,475
DETAILS OF WRITE-INS				
0601.	Revenue - Other .....	X X X .....	115,824	10,640
0602	.....	X X X .....		
0603	.....	X X X .....		
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	X X X .....		
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	X X X .....	115,824	10,640
1301.	Unpaid Claims Adjustment Expense .....		260,000	
1302	.....			
1303	.....			
1398.	Summary of remaining write-ins for Line 13 from overflow page .....			
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above) .....		260,000	
2701.	.....			
2702	.....			
2703	.....			
2798.	Summary of remaining write-ins for Line 27 from overflow page .....			
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above) .....			

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
31.	Capital and surplus prior reporting year .....	6,126,577	4,006,635
GAINS AND LOSSES TO CAPITAL & SURPLUS			
32.	Net income or (loss) from Line 30 .....	3,515,392	1,948,475
33.	Change in valuation basis of aggregate policy and claim reserves .....		
34.	Net unrealized capital gains and losses .....		
35.	Change in net unrealized foreign exchange capital gain or (loss) .....		
36.	Change in net deferred income tax .....		
37.	Change in nonadmitted assets .....	492,064	171,467
38.	Change in unauthorized reinsurance .....		
39.	Change in treasury stock .....		
40.	Change in surplus notes .....		
41.	Cumulative effect of changes in accounting principles .....		
42.	Capital Changes:		
42.1	Paid in .....		
42.2	Transferred from surplus (Stock Dividend) .....		
42.3	Transferred to surplus .....		
43.	Surplus adjustments:		
43.1	Paid in .....		
43.2	Transferred to capital (Stock Dividend) .....		
43.3	Transferred from capital .....		
44.	Dividends to stockholders .....		
45.	Aggregate write-ins for gains or (losses) in surplus .....		
46.	Net change in capital and surplus (Lines 32 to 45) .....	4,007,456	2,119,942
47.	Capital and surplus end of reporting year (Line 31 plus 46) .....	10,134,033	6,126,577
DETAILS OF WRITE-INS			
4501	.....		
4502	.....		
4503	.....		
4598.	Summary of remaining write-ins for Line 45 from overflow page .....		
4599.	TOTALS (Lines 4501 through 4503 plus 4598) (Line 45 above) .....		

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums and revenues collected net of reinsurance .....	80,513,342	67,595,855
2.	Claims and claims adjustment expenses .....	65,417,566	52,991,992
3.	General administrative expenses paid .....	6,756,352	6,515,216
4.	Other underwriting income (expenses) .....		
5.	Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4) .....	8,339,425	8,088,647
6.	Net investment income .....	348,679	461,067
7.	Other income (expenses) .....		
8.	Federal and foreign income taxes (paid) recovered .....	(1,029,515)	(1,659,774)
9.	Net cash from operations (Line 5 to 8) .....	7,658,589	6,889,940
Cash from Investments			
10.	Proceeds from investments sold, matured or repaid:		
10.1	Bonds .....	1,039,842	605,855
10.2	Stocks .....		
10.3	Mortgage loans .....		
10.4	Real estate .....		
10.5	Other invested assets .....		
10.6	Net gains or (losses) on cash and short-term investments .....		
10.7	Miscellaneous proceeds .....		
10.8	Total investment proceeds (Lines 10.1 to 10.7) .....	1,039,842	605,855
11.	Cost of investments acquired (long-term only):		
11.1	Bonds .....	1,017,201	1,037,315
11.2	Stocks .....		
11.3	Mortgage loans .....		
11.4	Real estate .....		
11.5	Other invested assets .....		
11.6	Miscellaneous applications .....		
11.7	Total investments acquired (Lines 11.1 to 11.6) .....	1,017,201	1,037,315
12.	Net cash from investments (Line 10.8 minus Line 11.7) .....	22,641	(431,460)
Cash from Financing and Miscellaneous Sources			
13.	Cash provided:		
13.1	Surplus notes, capital and surplus paid in .....		
13.2	Net transfers from affiliates .....	74,967	145,873
13.3	Borrowed funds received .....		
13.4	Other cash provided .....	1,398,368	555,397
13.5	Total (Lines 13.1 to 13.4) .....	1,473,335	701,270
14.	Cash applied:		
14.1	Dividends to stockholder paid .....		
14.2	Net transfers to affiliates .....		
14.3	Borrowed funds repaid .....		
14.4	Other applications .....		1,286,744
14.5	Total (Lines 14.1 to 14.4) .....		1,286,744
15.	Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5) .....	1,473,335	(585,474)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
16.	Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15) .....	9,154,565	5,873,006
17.	Cash and short-term investments:		
17.1	Beginning of year .....	14,498,706	8,625,700
17.2	End of year (Line 16 plus Line 17.1) .....	23,653,271	14,498,706

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other
1.	Net premium income .....	78,513,831								78,513,831				
2.	Change in unearned premium reserves and reserve for rate credit .....													
3.	Fee-for-service (net of \$..... medical expenses) .....													
4.	Risk revenue .....													
5.	Aggregate write-ins for other health care related revenues .....	115,824								115,824				
6.	Total revenues (Lines 1 to 5) .....	78,629,655								78,629,655				
7.	Medical/hospital benefits .....	34,203,423								34,203,423				
8.	Other professional services .....	1,848,671								1,848,671				
9.	Outside referrals .....	10,199,878								10,199,878				
10.	Emergency room and out-of-area .....	5,346,561								5,346,561				
11.	Prescription drugs .....	12,148,254								12,148,254				
12.	Aggregate write-ins for other medical and hospital .....	260,000								260,000				
13.	Incentive pool and withhold adjustments .....	2,110,873								2,110,873				
14.	Subtotal (Lines 7 to 13) .....	66,117,660								66,117,660				
15.	Net reinsurance recoveries .....													
16.	Total medical and hospital (Lines 14 minus 15) .....	66,117,660								66,117,660				
17.	Claims adjustment expenses .....	1,320,000								1,320,000				
18.	General administrative expenses .....	6,136,282								6,136,282				
19.	Increase in reserves for accident and health contracts .....													
20.	Total underwriting deductions (Lines 16 to 19) .....	73,573,942								73,573,942				
21.	Net underwriting gain or (loss) (Line 6 minus Line 20) .....	5,055,713								5,055,713				
DETAILS OF WRITE-INS														
0501.	Revenue - Other .....	115,824								115,824				
0502.	.....													
0503.	.....													
0598.	Summary of remaining write-ins for Line 5 from overflow page .....													
0599.	TOTAL (Lines 0501 through 0503 plus 0598) (Line 5 above) .....	115,824								115,824				
1201.	Unpaid Claims Adjustment Expense .....	260,000								260,000				
1202.	.....													
1203.	.....													
1298.	Summary of remaining write-ins for Line 12 from overflow page .....													
1299.	TOTAL (Lines 1201 through 1203 plus 1298) (Line 12 above) .....	260,000								260,000				

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 1 - PREMIUMS**

		1	2	3	4
		Direct	Reinsurance	Reinsurance	Net Premium
Line of Business		Business	Assumed	Ceded	Income
					(Columns
					1 + 2 - 3)
1.	Comprehensive (medical and hospital) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan				
	Premiums .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	78,676,401	151,679	314,249	78,513,831
8.	Other .....	.....	.....	.....	.....
9.	TOTALS .....	78,676,401	151,679	314,249	78,513,831



**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2 - Claims Incurred During the Year**

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Payments during the year:									
	1.1 Direct .....	62,361,678	.....	.....	.....	.....	.....	.....	62,361,678	.....
	1.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	1.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	1.4 Net .....	62,361,678	.....	.....	.....	.....	.....	.....	62,361,678	.....
2.	Paid medical incentive pools and bonuses .....	1,682,003	.....	.....	.....	.....	.....	.....	1,682,003	.....
3.	Claim liability December 31, current year from Part 2A:									
	3.1 Direct .....	14,797,710	.....	.....	.....	.....	.....	.....	14,797,710	.....
	3.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	3.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	3.4 Net .....	14,797,710	.....	.....	.....	.....	.....	.....	14,797,710	.....
4.	Claim reserve December 31, current year from Part 2D:									
	4.1 Direct .....		.....	.....	.....	.....	.....	.....		.....
	4.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	4.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	4.4 Net .....		.....	.....	.....	.....	.....	.....		.....
5.	Accrued medical incentive pools and bonuses, current year .....	1,219,720	.....	.....	.....	.....	.....	.....	1,219,720	.....
6.	Amounts recoverable from reinsurers December 31, current year .....	88,705	.....	.....	.....	.....	.....	.....	88,705	.....
7.	Claim liability December 31, prior year from Part 2A:									
	7.1 Direct .....	13,152,601	.....	.....	.....	.....	.....	.....	13,152,601	.....
	7.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	7.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	7.4 Net .....	13,152,601	.....	.....	.....	.....	.....	.....	13,152,601	.....
8.	Claim reserve December 31, prior year from Part 2D:									
	8.1 Direct .....		.....	.....	.....	.....	.....	.....		.....
	8.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	8.3 Reinsurance ceded .....		.....	.....	.....	.....	.....	.....		.....
	8.4 Net .....		.....	.....	.....	.....	.....	.....		.....
9.	Accrued medical incentive pools and bonuses, prior year .....	790,850	.....	.....	.....	.....	.....	.....	790,850	.....
10.	Amounts recoverable from reinsurers December 31, prior year .....		.....	.....	.....	.....	.....	.....		.....
11.	Incurred benefits:									
	11.1 Direct .....	64,006,787	.....	.....	.....	.....	.....	.....	64,006,787	.....
	11.2 Reinsurance assumed .....		.....	.....	.....	.....	.....	.....		.....
	11.3 Reinsurance ceded .....	88,705	.....	.....	.....	.....	.....	.....	88,705	.....
	11.4 Net .....	63,918,082	.....	.....	.....	.....	.....	.....	63,918,082	.....
12.	Incurred medical incentive pools and bonuses .....	2,110,873	.....	.....	.....	.....	.....	.....	2,110,873	.....

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2A - Claims Liability End of Current Year**

		1	2	3	4	5	6	7	8	9
		Total	Compre- hensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1.	Reported in Process of Adjustment:									
	1.1 Direct .....									
	1.2 Reinsurance assumed .....									
	1.3 Reinsurance ceded .....									
	1.4 Net .....									
2.	Incurred but Unreported:									
	2.1 Direct .....	14,537,710							14,537,710	
	2.2 Reinsurance assumed .....									
	2.3 Reinsurance ceded .....									
	2.4 Net .....	14,537,710							14,537,710	
3.	Amounts Withheld from Paid Claims and Capitations:									
	3.1 Direct .....									
	3.2 Reinsurance assumed .....									
	3.3 Reinsurance ceded .....									
	3.4 Net .....									
4.	TOTALS									
	4.1 Direct .....	14,537,710							14,537,710	
	4.2 Reinsurance assumed .....									
	4.3 Reinsurance ceded .....									
	4.4 Net .....	14,537,710							14,537,710	

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability December 31 of Prior Year
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred Durring the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
	Line of Business						
1.	Comprehensive (medical and hospital) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan Premiums .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid .....	8,896,143	53,465,535	2,210,000	12,587,710	11,106,143	13,152,601
8.	Other .....	.....	.....	.....	.....	.....	.....
9.	Subtotal .....	8,896,143	53,465,535	2,210,000	12,587,710	11,106,143	13,152,601
10.	Medical incentive pools, accrual and disbursements .....	790,850	891,153	.....	1,219,720	790,850	790,850
11.	TOTALS .....	9,686,993	54,356,688	2,210,000	13,807,430	11,896,993	13,943,451

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)

Grand Total

Section A - Paid Claims

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....	2,762,762	97,582	5,756		
2.	1998 .....	10,721,778	5,290,137	88,702	9,390	
3.	1999 .....	X X X	14,336,991	2,837,037	10,507	
4.	2000 .....	X X X	X X X	28,338,197	6,565,880	125,795
5.	2001 .....	X X X	X X X	X X X	45,054,650	8,770,348
6.	2002 .....	X X X	X X X	X X X	X X X	53,422,548

Section B - Incurred Claims

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....	2,762,762	97,582	5,756		
2.	1998 .....	13,502,733	6,002,769	88,702	9,390	
3.	1999 .....	X X X	18,714,359	3,000,775	10,507	
4.	2000 .....	X X X	X X X	36,008,292	7,580,949	125,795
5.	2001 .....	X X X	X X X	X X X	57,192,182	12,026,805
6.	2002 .....	X X X	X X X	X X X	X X X	64,933,801

Section C - Incurred Year Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1	2	3	4	5	6	7	8	9	10
		Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	(Col. 3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	(Col. 5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	(Col. 9/1) Percent
1.	Prior to 1998 .....	X X X			X X X		X X X				X X X
2.	1998 .....										
3.	1999 .....										
4.	2000 .....										
5.	2001 .....		8,896			8,896		3,256		12,152	
6.	2002 .....	78,574	53,205	260	0	53,465	68	12,501	260	66,226	84
7.	TOTAL (Lines 1 through 6) .....	X X X	62,101	260	X X X	62,361	X X X	15,757	260	78,378	X X X
8.	TOTAL (Lines 2 through 6) .....	78,574	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Hospital and Medical . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Hospital and Medical . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Hospital and Medical . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Medicare Supplement . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Medicare Supplement . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Dental Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Vision Only . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Fed Emp HBPP . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Title XVIII-Medicare . . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn B - Incur. Claims - Title XVIII-Medicare . . . .	NONE
12	Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Title XVIII-Medicare . . . .	NONE

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C - DEVELOPMENT OF PAID AND INCURRED CLAIMS (000 Omitted)**

**Title XIX - Medicaid**  
**Section A - Paid Claims**

Year in Which Losses Were Incurred		Net Amounts Paid				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....	2,762,762	97,582	5,756		
2.	1998 .....	10,721,778	5,290,137	88,702	9,390	
3.	1999 .....	X X X	14,336,991	2,837,037	10,507	
4.	2000 .....	X X X	X X X	28,338,197	6,565,880	125,795
5.	2001 .....	X X X	X X X	X X X	45,054,650	8,770,348
6.	2002 .....	X X X	X X X	X X X	X X X	53,422,548

**Section B - Incurred Claims**

Year in Which Losses Were Incurred		Sum of Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 1998	2 1999	3 2000	4 2001	5 2002
1.	Prior .....	2,762,762	97,582	5,756		
2.	1998 .....	13,502,733	6,002,769	88,702	9,390	
3.	1999 .....	X X X	18,714,359	3,000,775	10,507	
4.	2000 .....	X X X	X X X	36,008,292	7,580,949	125,795
5.	2001 .....	X X X	X X X	X X X	57,192,182	12,026,805
6.	2002 .....	X X X	X X X	X X X	X X X	64,933,801

**Section C - Incurred Year Claims and Claims Adjustment Expense Ratio**

Years in Which Premiums were Earned and Claims were Incurred		1  Premiums Earned	2  Claims Payments	3  Claim Adjustment Expense Payments	4  (Col. 3/2) Percent	5  Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6  (Col. 5/1) Percent	7  Claims Unpaid	8  Unpaid Claims Adjustment Expenses	9  Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10  (Col. 9/1) Percent
1.	Prior to 1998 .....	X X X			X X X		X X X				X X X
2.	1998 .....										
3.	1999 .....										
4.	2000 .....										
5.	2001 .....		8,896			8,896		3,256		12,152	
6.	2002 .....	78,574	53,205	260	0	53,465	68	12,501	260	66,226	84
7.	TOTAL (Lines 1 through 6) .....	X X X	62,101	260	X X X	62,361	X X X	15,757	260	78,378	X X X
8.	TOTAL (Lines 2 through 6) .....	78,574	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X

**12      Underwriting Invest Exh Pt 2C Sn A - Paid Claims - Other . . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn B - Incur Claims - Other. . . . . NONE**

**12      Underwriting Invest Exh Pt 2C Sn C - Expns Ratios - Other. . . . . NONE**

**13      Underwriting Invest Exh Pt 2D - A & H Reserve - . . . . . NONE**

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 3 - ANALYSIS OF EXPENSES**

		1	2	3	4
		Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building) .....	22,635	218,338		240,973
2.	Salaries, wages and other benefits .....	760,000	2,550,722		3,310,722
3.	Commissions (less \$..... ceded plus \$..... assumed) ...				
4.	Legal fees and expenses .....		301,757		301,757
5.	Certifications and accreditation fees .....		5,551		5,551
6.	Auditing, actuarial and other consulting services .....		343,725		343,725
7.	Traveling expenses .....		110,802		110,802
8.	Marketing and advertising .....		185,908		185,908
9.	Postage, express and telephone .....	60,301	395,494		455,795
10.	Printing and office supplies .....	5,716	315,650		321,366
11.	Occupancy, depreciation and amortization .....	250,000	216,916		466,916
12.	Equipment .....		16,978		16,978
13.	Cost or depreciation of EDP equipment and software .....	221,348	848,187		1,069,535
14.	Outsourced services including EDP, claims, and other services .....		119,852		119,852
15.	Boards, bureaus and association fees .....				
16.	Insurance, except on real estate .....		36,620		36,620
17.	Collection and bank service charges .....				
18.	Group service and administration fees .....				
19.	Reimbursements by uninsured accident and health plans .....				
20.	Reimbursements from fiscal intermediaries .....				
21.	Real estate expenses .....		121,878		121,878
22.	Real estate taxes .....				
23.	Taxes, licenses and fees:				
23.1	State and local insurance taxes .....		117,027		117,027
23.2	State premium taxes .....				
23.3	Regulator authority licenses and fees .....		46,865		46,865
23.4	Payroll taxes .....		182,759		182,759
23.5	Other (excluding federal income and real estate taxes) .....				
24.	Investment expenses not included elsewhere .....				
25.	Aggregate write-ins for expenses .....		1,253		1,253
26.	Total expenses incurred (Lines 1 to 25) .....	1,320,000	6,136,282		(a)..... 7,456,282
27.	Add expenses unpaid December 31, prior year .....		851,145		851,145
28.	Less expenses unpaid December 31, current year .....		231,075		231,075
29.	Amounts receivable relating to uninsured accident and health plans, prior year .....				
30.	Amounts receivable relating to uninsured accident and health plans, current year .....				
31.	Total expenses paid (Lines 26 plus 27 minus 28 minus 29 plus 30) .	1,320,000	6,756,352		8,076,352
<b>DETAILS OF WRITE-INS</b>					
2501.	Miscellaneous .....		1,253		1,253
2502.	0 .....				
2503.	0 .....				
2598.	Summary of remaining write-ins for Line 25 from overflow page .....				
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above) .....		1,253		1,253

(a) Includes management fees of \$..... to affiliates and \$..... to non-affiliates.



EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds .....	(a)..... 19,662	19,662
1.1	Bonds exempt from U.S. tax .....	(a).....	
1.2	Other bonds (unaffiliated) .....	(a).....	
1.3	Bonds of affiliates .....	(a).....	
2.1	Preferred stocks (unaffiliated) .....	(b).....	
2.11	Preferred stocks of affiliates .....	(b).....	
2.2	Common stocks (unaffiliated) .....		
2.21	Common stocks of affiliates .....		
3.	Mortgage loans .....	(c).....	
4.	Real estate .....	(d).....	
5.	Contract loans .....		
6.	Cash/short-term investments .....	(e)..... 329,017	329,017
7.	Derivative instruments .....	(f).....	
8.	Other invested assets .....		
9.	Aggregate write-ins for investment income .....		
10.	Total gross investment income .....	348,679	348,679
11.	Investment expenses .....		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes .....		(g).....
13.	Interest expense .....		(h).....
14.	Depreciation on real estate and other invested assets .....		(i).....
15.	Aggregate write-ins for deductions from investment income .....		
16.	Total deductions (Lines 11 through 15) .....		
17.	Net Investment income (Line 10 minus Line 16) .....		348,679
DETAILS OF WRITE-INS			
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....		
1501	.....		
1502	.....		
1503	.....		
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		

- (a) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.
- (c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.
- (e) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.
- (f) Includes \$..... accrual of discount less \$..... amortization of premium.
- (g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.
- (i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds .....					
1.1	Bonds exempt from U.S. tax .....					
1.2	Other bonds (unaffiliated) .....					
1.3	Bonds of affiliates .....					
2.1	Preferred stocks (unaffiliated) .....					
2.11	Preferred stocks of affiliates .....					
2.2	Common stocks (unaffiliated) .....					
2.21	Common stocks of affiliates .....					
3.	Mortgage loans .....					
4.	Real estate .....					
5.	Contract loans .....					
6.	Cash/short-term investments .....					
7.	Derivative instruments .....					
8.	Other invested assets .....					
9.	Aggregate write-ins for capital gains (losses) .....					
10.	Total capital gains (losses) .....					
DETAILS OF WRITE-INS						
0901	.....					
0902	.....					
0903	.....					
0998.	Summary of remaining write-ins for Line 9 from overflow page .....					
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....					

NONE

**EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS**

		1	2	3
		End of Current Year	End of Prior Year	Changes for Year (Increase) or Decrease
1.	Summary of items Page 2, Lines 10 to 13 and 15 to 20, Column 2 .....	498,756	494,980	(3,776)
2.	Other Nonadmitted Assets:			
2.1	Bills receivable .....			
2.2	Leasehold improvements .....			
2.3	Cash advanced to or in the hands of officers and agents .....			
2.4	Loans on personal security, endorsed or not .....			
2.5	Commuted commissions .....			
3.	Total (Lines 2.1 to 2.5) .....			
4.	Aggregate write-ins for other assets .....		495,840	495,840
5.	TOTAL (Line 1 plus Line 3 and Line 4) .....	498,756	990,820	492,064
DETAILS OF WRITE-INS				
0401.	Goodwill .....		416,025	416,025
0402.	Other Current Assets .....		79,815	79,815
0403	.....			
0498.	Summary of remaining write-ins for Line 4 from overflow page .....			
0499.	TOTALS (Lines 0401 through 0403 plus 0498) (Line 4 above) .....		495,840	495,840

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	35,477	36,627	37,463	39,878	40,316	457,773
2.	Provider Service Organizations .....						
3.	Preferred Provider Organizations .....						
4.	Point of Service .....						
5.	Indemnity Only .....						
6.	Aggregate write-ins for other lines of business .....						
7.	TOTAL .....	35,477	36,627	37,463	39,878	40,316	457,773
DETAILS OF WRITE-INS							
0601	.....						
0602	.....						
0603	.....						
0698.	Summary of remaining write-ins for Line 6 from overflow page .....						
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....						

# Notes to Financial Statement

**1. Summary of Significant Accounting Policies**

***a. Basis of Presentation***

The financial statements have been prepared on the basis of accounting practices generally prescribed or permitted by the State of Michigan Division of Insurance (statutory basis). Financial statements prepared on the statutory basis vary in some respects from those prepared in accordance with accounting principles generally accepted in the United States of America.

***b. Generally Accepted Accounting Principles***

The significant accounting principles, as outlined above, were followed in the preparation of the statutory basis financial statements. Had the financial statements been prepared in accordance with the accounting principles generally accepted in the United States of America, the following differences would have been noted:

- Furnitures and fixtures and operating software would be capitalized at cost and depreciated over the estimated useful lives of the assets.
- Deferred income taxes would be provided for temporary differences between taxes currently payable and taxes based upon financial income.
- Certain receivables and prepaid expenses would be recognized at fair value.
- Purchased membership costs would be capitalized at cost and amortized over the benefit period.

***c. Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of (1) assets and liabilities and the disclosure of contingent assets and liabilities at the date of the fianacial statements, and (2) revenues and expenses during the reporting period. A significant item subject to such estimates includes the accrual for hospitalization and other external providers. Actual results could differ from those estimates.

***d. Cash Equivalents***

All highly liquid investments with original maturities of three months or less are classified as cash equivalents.

***e. Improvements, Equipment and Depreciation***

Improvements and equipment are stated at cost. Depreciation is computed over the estimated useful lives of the assets using both the straight-line and accelerated methods.

***f. Revenue Recognition***

The Plan operates under two capitated contracts with the Michigan Department of Community Health (MDCH). For the years ended December 31, 2002 and 2001, these contract provided the majority of the Plan's operating revenues. Revenue is recognized during the month in which coverage for enrolled members is in effect.

The MDCH performs a close-out reconciliation for each calendar year, which can result in additional payments to or from the Plan. Amounts receivable or payable as a result of the MDCH reconciliation process are recorded in the year known or estimatible.

***g. Risk Sharing Pool***

The Plan's contracts with providers require specified withholdings from capitation payments to create a pool for risk sharing. The pool is used to cover expenses incurred in the event of over-utilization of medical services. The amounts retained are payable to the providers generally at a 50/50 reimbursement rate when the Plan's management determines that the remaining funds, if any, are not required to cover related costs. If related costs exceed withholdings, the Plan can recoup from the providers up to 3% of the total capitation paid by MDCH to the Plan.

***h. Hospitalization and Other External Providers***

The Plan accrues the cost of hospitalization and other external provider expenses in the period in which they are provided based in part on estimates, including an estimate for claims incurred but not reported to the Plan (IBNR).

**2. Accounting Change and Correction of Errors**

None.

**3. Business Combination and Goodwill**

During 2000, the Plan entered into an agreement with an unrelated managed care entity to purchase its Medicaid members in two counties. The consideration for these members totaling \$1,109,400 is being amortized on a straight-line basis over twenty-four months. The unamortized portion of the intangible asset is reflected as a non-admitted asset in the accompanying financial statements.

**4. Discontinued Operations**

None.

**5. Investments**

***a. Restricted Deposits***

# Notes to Financial Statement

Restricted deposits represent a minimum deposit in trust to comply with requirements of the State of Michigan Division of Insurance.

**b. Short-term Investments**

Short-term investments consist primarily of interest bearing governmental and corporate debt securities with original maturities greater than three months and less than one year. The Plan has determined that its short-term investments will be held to maturity and are therefore carried at amortized cost in the accompanying financial statements.

**c. Long-term Investments**

Long-term investments consist primarily of interest bearing governmental debt securities with original maturities greater than one year. The Plan has determined that its long-term investments will be held to maturity and are therefore carried at amortized cost in the accompanying financial statements.

**d. Concentrations of Credit Risk**

Financial instruments which potentially subject the Plan to significant concentrations of credit risk consist principally of cash and cash equivalents. The Plan places its cash and cash equivalents with high credit quality financial institutions. At times, such cash and cash equivalents may be in excess of the respective financial institution's FDIC insurance limit. The Plan performs periodic evaluations of the relative credit standing of these institutions.

**6. Joint Ventures, Partnerships and Limited Liability Companies**

None.

**7. Investment Income**

During the fiscal year 2002 interest income:

Cash and short-term bonds	\$329,017
Long-term bonds	<u>19,662</u>
	\$348,679

**8. Derivative Instruments**

None.

**9. Taxes On Income**

Income taxes are calculated using the liability method specified by Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes."

The provision for taxes on income consisted of the following:

<i>Year Ended December 31,</i>	<b>2002</b>	2001
<hr/>		
Current	<b>\$2,013,000</b>	\$1,174,000
Deferred	<b>(124,000)</b>	(244,000)
<hr/>		
<b>Taxes On Income</b>	<b>\$1,889,000</b>	\$ 930,000
<hr/>		

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets of \$465,000 and \$341,000 as of December 31, 2002 and 2001, respectively, relate primarily to the accrual of hospitalization and other provider costs, and are reflected as non-admitted assets in the accompanying financial statements.

**a. Supplemental Disclosures of Cash Flow Information**

Cash paid during the year for:

<i>Year Ended December 31,</i>	<b>2002</b>	2001
<hr/>		
Income taxes	<b>\$970,000</b>	\$1,983,589
<hr/>		

**10. Information Concerning Parent, Subsidiaries and Affiliates**

Midwest Health Plan, Inc. is a wholly owned subsidiary of Midwest-HC, Inc.

# Notes to Financial Statement

The Plan has an agreement with Midwest Health Center, P.C. (Center), an entity related through common ownership, whereby the Center provides facilities and staffing services utilized by the Plan. For the years ended December 31, 2002 and 2001, These shared service fees amounted to \$843,000 and \$845,000, respectively. In addition, the Plan paid approximately \$458,000 and \$401,000 during 2002 and 2001, respectively, for information systems services to this related party.

Under a primary site/plan agreement with the Center and another company under common control, the Plan is responsible for making payments for provider services based on enrolled members. For the years ended December 31, 2002 and 2001 total payments for provider services to the two related parties were \$3,127,000 and \$2,812,000, respectively.

Amounts due to affiliate at December 31, 2002 of \$74,967 represents estimated overhead reimbursements. The balance of due from affiliate at December 31, 2001 is included as a non-admitted asset in the accompanying financial statements.

The Plan has entered into an operating lease agreement with a related party. Rent paid to the related party was \$113,000 and \$101,000 for the years December 31, 2002 and 2001, respectively. The leases is currently being maintained on a month-to-month basis.

**11. Debt**

    No long-term debt.

**12. Employee Benefit Plan**

The Plan maintains a 401(k) plan for its employees. All employees are eligible to participate in the 401(k) plan after completion of age and service requirements. Contributions to the 401(k) plan by the Plan are discretionary. Contributions made to the 401(k) plan by the Plan for the years ended December 31, 2002 and 2001 were approximately \$7,000 and \$24,900, respectively.

**13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

    None.

**14. Commitments and Contingencies**

    None.

**15. Leases**

During 2000, the Plan entered into an operating agreement with a related party. Rent paid to the related party was \$113,000 and \$101,000 for the years ended December 31, 2002 and 2001, respectively. The lease is currently being maintained on a month-to-month basis.

**16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk.**

    None.

**17. Sales, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities**

    None.

**18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans.**

    None.

**19. Direct Premium Written/Produced by Managing General Third Agents/Third Party Administrators**

    None.

**20. Other Items**

    None.

# Notes to Financial Statement

**21. Events Subsequent**

None.

**22. Reinsurance**

The Plan has a reinsurance agreement with ING RE, NAIC #67105, Federal tax ID #41-0451140. The deductible rate for institutional services is \$110,000 with a co-payment of 10%.

**23. Retrospectively Rated Contracts and Contracts Subject to Redetermination.**

None.

**24. Salvage and Subrogation**

None.

**25. Change in Incurred Claims and Claims Adjustment Expenses**

The Plan recognized claim adjustment expenses based on an actuarial determined amount. Claim adjustment expenses for the year ended December 31, 2002 for the Plan were approximately \$1,320,000 as specified by SSAP No. 55, Unpaid Claims, Losses and Loss Adjustment Expenses which was adopted by the State of Michigan Division of Insurance for implementation beginning with the year ended December 31, 2002 reporting requirements. Prior years' claim adjustment expenses were included in the Plan's IBNR amount.

**26. Organization and Operations**

Midwest Health Plan, Inc. (the Plan), a wholly owned subsidiary of Midwest-HC, Inc. was organized in May 1993 as a clinic plan to provide certain health care services to Medicaid beneficiaries in Michigan. In November 1998, the Plan was granted a health maintenance organization license. As of December 31, 2002, the Plan was responsible for providing health care services to approximately 40,000 Medicaid enrollees. Revenues are generated through monthly capitation payments received from the State of Michigan for Medicaid waived enrollees.

**27. Minimum Net Worth**

***a. Minimum Statutory Deposit Requirements***

Under the laws of the State of Michigan, the Plan is required to provide a minimum statutory deposit of \$1,000,000. The Plan as of December 31, 2002 has \$1,017,201 deposited with the State of Michigan Division of Insurance.

***b. Minimum Net Worth Requirements***

Under the laws of the State of Michigan, the Plan is required to have a minimum net worth of \$1,500,000 for the year ended December 31, 2002. For the year ending December 31, 2003 the State of Michigan may require the Plan to increase its net worth requirements consistent with R325.6345 (345).

***c. Admitted Assets***

Assets are stated at admitted asset values and exclude certain assets designated as non-admitted. "Admitted asset value" refers to the value at which respective assets are permitted to be reported in the financial statements submitted to regulatory agencies. "Non-admitted assets" refer to assets other than assets which are permitted to be reported. Non-admitted assets are charged against unassigned surplus.

***d. Non-admitted Assets***

The non-admitted assets which have been excluded from the financial statements by direct charges to unassigned surplus are as follows:

<i>December 31,</i>	<b>2002</b>	2001
<hr/>		
Deferred tax assets	<b>\$465,000</b>	\$341,000
Furniture and equipment - net	<b>17,784</b>	21,829
Prepaid expenses	<b>15,972</b>	79,815
Purchase of membership, net of amortization	-	416,025
Affiliate receivable	-	312,151
<hr/>		

## Notes to Financial Statement

	\$498,756	\$990,820
--	-----------	-----------

***e. Reconciliation of Net Worth Using Generally Accepted Accounting Principles to Statutory Principles***

The following table reconciles liabilities and net worth using accounting principles generally accepted to total liabilities and net worth according to statutory requirements.

<i>December 31,</i>	2002	2001
Assets using accounting principles generally accepted	\$27,940,118	\$22,041,370
Less: Health care receivavles	(15,972)	-
Prepaid expenses	-	(79,815)
Due From Affiliates	-	(132,151)
Furniture & equipment	(17,784)	(21,829)
Deferred tax asset	(465,000)	(341,000)
Purchased membership	-	(416,025)
<b>Net Worth Using Statutory Requirements</b>	<b>\$27,441,362</b>	<b>\$21,050,550</b>



**SUMMARY INVESTMENT SCHEDULE**

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities .....	1,017,201	4.123	1,017,201	4.123
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies .....				
1.22	Issued by U.S. government sponsored agencies .....				
1.3	Foreign government (including Canada, excluding mortgage-backed securities) .....				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations .....				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations .....				
1.43	Revenue and assessment obligations .....				
1.44	Industrial development and similar obligations .....				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Guaranteed by GNMA .....				
1.512	Issued by FNMA and FHLMC .....				
1.513	Privately issued .....				
1.52	CMOs and REMICs:				
1.521	Issued by FNMA and FHLMC .....				
1.522	Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC .....				
1.523	All other privately issued .....				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....				
2.2	Unaffiliated foreign securities .....				
2.3	Affiliated securities .....				
3.	Equity interests:				
3.1	Investments in mutual funds .....				
3.2	Preferred stocks:				
3.21	Affiliated .....				
3.22	Unaffiliated .....				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated .....				
3.32	Unaffiliated .....				
3.4	Other equity securities:				
3.41	Affiliated .....				
3.42	Unaffiliated .....				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated .....				
3.52	Unaffiliated .....				
4.	Mortgage loans:				
4.1	Construction and land development .....				
4.2	Agricultural .....				
4.3	Single family residential properties .....				
4.4	Multifamily residential properties .....				
4.5	Commercial loans .....				
5.	Real estate investments:				
5.1	Property occupied by company .....				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt) .....				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt) .....				
6.	Policy loans .....				
7.	Receivables for securities .....				
8.	Cash and short-term investments .....	23,653,271	95.877	23,653,271	95.877
9.	Other invested assets .....				
10.	Total invested assets .....	24,670,472	100.000	24,670,472	100.000

**GENERAL INTERROGATORIES**  
**PART 1 - COMMON INTERROGATORIES**  
**GENERAL**

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[ ] No[X]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[ ] No[ ] N/A[X]
- 1.3 State Regulating?

.....
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[ ] No[X]
- 2.2 If yes, date of change:  
If not previously filed, furnish herewith a certified copy of the instrument as amended.

.....
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/1999.....
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/1999.....
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....02/20/2001.....
- 3.4 By what department or departments?  
Department of Consumer & Industry Services - Office of Financial & Insurance Services (OFIS)
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[ ] No[X]
- 4.12 renewals?

Yes[ ] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[ ] No[X]
- 4.22 renewals?

Yes[ ] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[ ] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile
.....	.....	.....

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[ ] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[ ] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

..... %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity
.....	.....

**GENERAL INTERROGATORIES (continued)**

8. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
BDO Seidman, LLP, 755 West Big Beaver, Suite 1900, Troy, Michigan 48084-0178

9. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
Michael Sturm, Milliman USA, 15800 Blue Mound Road, Suite 400, Brookfield, Wisconsin 53005-6069, Consulting contract

10. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:  
10.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
10.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?  
10.3 Have there been any changes made to any of the trust indentures during the year?  
10.4 If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?
- Yes[ ] No[ ] N/A[X]  
Yes[ ] No[ ] N/A[X]  
Yes[ ] No[ ] N/A[X]

**BOARD OF DIRECTORS**

11. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

12. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

13. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?
- Yes[X] No[ ]  
Yes[X] No[ ]  
Yes[X] No[ ]

**FINANCIAL**

- 14.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):  
14.11 To directors or other officers  
14.12 To stockholders not officers  
14.13 Trustees, supreme or grand (Fraternal only)  
14.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):  
14.21 To directors or other officers  
14.22 To stockholders not officers  
14.23 Trustees, supreme or grand (Fraternal only)

15.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?  
15.2 If yes, state the amount thereof at December 31 of the current year:  
15.21 Rented from others  
15.22 Borrowed from others  
15.23 Leased from others  
15.24 Other
- \$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....  
\$ .....

Yes[ ] No[X]  
Yes[ ] No[X]  
Yes[ ] No[X]  
Yes[ ] No[X]  
Yes[ ] No[X]  
Yes[ ] No[X]  
Yes[ ] No[X]  
Yes[ ] No[X]  
Yes[ ] No[X]  
Yes[ ] No[X]
- 16.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?  
16.2 If answer is yes:  
16.21 Amount paid as losses or risk adjustment  
16.22 Amount paid as expenses  
16.23 Other amounts paid

\$ .....  
\$ .....  
\$ .....
- Disclose in Notes to Financial the nature of each obligation.
- 28

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

17. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred .....	.....	.....	.....	.....	Yes[ ] No[ ] N/A[X]	Yes[ ] No[ ] N/A[X]
2. Common .....	..... 60,000.000	..... 10,000.000	..... 22.000	..... X X X .....	..... X X X .....	..... X X X .....

18.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits?

Yes[X] No[ ]

18.2 If no, give full and complete information, relating thereto:

19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 2 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1).

Yes[ ] No[X]

19.2 If yes, state the amount thereof at December 31 of the current year:

- 19.21 Loaned to others
- 19.22 Subject to repurchase agreements
- 19.23 Subject to reverse repurchase agreements
- 19.24 Subject to dollar repurchase agreements
- 19.25 Subject to reverse dollar repurchase agreements
- 19.26 Pledged as collateral
- 19.27 Placed under option agreements
- 19.28 Letter stock or securities restricted as to sale
- 19.29 Other
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$
- \$

19.3 For each category above, if any of these assets are held by other, identify by whom held:

- 19.31
- 19.32
- 19.33
- 19.34
- 19.35
- 19.36
- 19.37
- 19.38
- 19.39
- For categories (19.21) and (19.23) above, and for any securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

19.4 For category (19.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....	.....	.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[ ] No[X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes[ ] No[ ] N/A[X]

If no, attach a description with this statement.

21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[ ] No[X]

21.2 If yes, state the amount thereof at December 31 of the current year.

\$

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes[ ] No[X]

22.1 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1		2
Name of Custodian(s)		Custodian's Address
22.1001	None .....	.....

**GENERAL INTERROGATORIES (continued)**

**INVESTMENT**

22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
None .....		

22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year? Yes[ ] No[X]

22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
None .....			

22.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
None .....		

23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$ ..... 70,194

23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans .....	44,274
National Committee for Quality Assurance (NCQA) .....	20,920

24.1 Amount of payments for legal expenses, if any? \$ ..... 301,757

24.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Barris, Sott, Denn & Driker, PLLC .....	168,414

25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$ .....

25.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
None .....	



FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
<b>BALANCE SHEET ITEMS (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 23) .....	27,441,362	21,050,550	15,116,418	10,907,750	6,589,283
2. Total liabilities (Page 3, Line 18) .....	17,307,329	14,923,973	11,109,783	7,331,279	4,255,838
3. Statutory surplus .....					
4. Total capital and surplus (Page 3, Line 26) .....	10,134,033	6,126,577	4,006,635	3,088,669	2,333,445
<b>INCOME STATEMENT ITEMS (Page 4)</b>					
5. Total revenues (Line 7) .....	78,629,655	66,401,257	42,928,140	26,841,684	18,174,658
6. Total medical and hospital expenses (Line 17) .....	66,117,660	57,381,838	35,716,195	23,086,863	14,431,314
7. Total administrative expenses (Line 19) .....	6,136,282	6,602,011	4,834,900	3,147,013	2,995,737
8. Net underwriting gain (loss) (Line 22) .....	5,055,713	2,417,408	2,377,045	607,808	747,607
9. Net investment gain (loss) (Line 25) .....	348,679	461,067	537,023	298,865	183,947
10. Total other income (Lines 26 plus 27) .....					
11. Net income or (loss) (Line 30) .....	3,515,392	1,948,475	2,024,068	906,673	931,554
<b>RISK-BASED CAPITAL ANALYSIS</b>					
12. Total adjusted capital .....	10,134,033	6,126,577	4,006,635	3,088,669	
13. Authorized control level risk-based capital .....	3,116,880	2,271,681	1,552,787	1,303,386	
<b>ENROLLMENT (Exhibit 2)</b>					
14. Total members at end of period (Column 5, Line 7) .....	40,316	35,477	31,094	16,139	11,940
15. Total members months (Column 6, Line 7) .....	457,773	401,185	263,456	167,942	148,528
<b>OPERATING PERCENTAGE (Page 4)</b> <b>(Item divided by Page 4, sum of Lines 2, 3 and 5)</b>					
16. Premiums earned (Lines 2 plus 3) .....	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17) .....	84.2	86.4	83.2	86.0	79.4
18. Total underwriting deductions (Line 21) .....	93.7	96.4	94.5	97.7	95.9
19. Total underwriting gain (loss) (Line 22) .....	6.4	3.6	5.5	2.3	4.1
<b>UNPAID CLAIMS ANALYSIS</b> <b>(U&amp;I Exhibit, Part 2B)</b>					
20. Total claims incurred for prior years (Line 11, Col. 5) .....	11,896,993	8,151,932	5,241,818	3,769,340	2,375,934
21. Estimated liability of unpaid claims-[prior year (Line 11, Col. 6)] ..	13,943,451	9,518,786	6,502,314	3,082,679	1,254,102

**FIVE-YEAR HISTORICAL DATA (Continued)**

		1 2002	2 2001	3 2000	4 1999	5 1998
<b>INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES</b>						
22.	Affiliated bonds (Sch. D Summary, Line 25, Col. 1) .....					
23.	Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1) .....					
24.	Affiliated common stocks (Sch. D Summary, Line 53, Col. 2) .....	<b>N O N E</b>				
25.	Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11) .....					
26.	Affiliated mortgage loans on real estate .....					
27.	All other affiliated .....					
28.	Total of above Lines 22 to 27 .....					



**SCHEDULE D - SUMMARY BY COUNTRY**  
**Long-term Bonds and Stocks OWNED December 31 of Current Year**

Description			1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States .....	1,017,201	1,017,201	1,015,119	1,000,000
	2.	Canada .....				
	3.	Other Countries .....				
	4.	Totals .....	1,017,201	1,017,201	1,015,119	1,000,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States .....				
	6.	Canada .....				
	7.	Other Countries .....				
	8.	Totals .....				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States .....				
	10.	Canada .....				
	11.	Other Countries .....				
	12.	Totals .....				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States .....				
	14.	Canada .....				
	15.	Other Countries .....				
	16.	Totals .....				
Public Utilities (unaffiliated)	17.	United States .....				
	18.	Canada .....				
	19.	Other Countries .....				
	20.	Totals .....				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States .....				
	22.	Canada .....				
	23.	Other Countries .....				
	24.	Totals .....				
Parent, Subsidiaries and Affiliates	25.	Totals .....				
	26.	Total Bonds .....	1,017,201	1,017,201	1,015,119	1,000,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States .....				
	28.	Canada .....				
	29.	Other Countries .....				
	30.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States .....				
	32.	Canada .....				
	33.	Other Countries .....				
	34.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	35.	United States .....				
	36.	Canada .....				
	37.	Other Countries .....				
	38.	Totals .....				
Parent, Subsidiaries and Affiliates	39.	Totals .....				
	40.	Total Preferred Stocks .....				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States .....				
	42.	Canada .....				
	43.	Other Countries .....				
	44.	Totals .....				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States .....				
	46.	Canada .....				
	47.	Other Countries .....				
	48.	Totals .....				
Industrial and Miscellaneous (unaffiliated)	49.	United States .....				
	50.	Canada .....				
	51.	Other Countries .....				
	52.	Totals .....				
Parent, Subsidiaries and Affiliates	53.	Totals .....				
	54.	Total Common Stocks .....				
	55.	Total Stocks .....				
	56.	Total Bonds and Stocks .....	1,017,201	1,017,201	1,015,119	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$.....

**SCHEDULE D - Verification Between Years**

1. Book/adjusted carrying value of bonds and stocks, prior year.	<u>1,037,315</u>	6. Foreign Exchange Adjustment	
2. Cost of bonds and stocks acquired, Column 6, Part 3.....	<u>1,017,201</u>	6.1 Column 17, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Section 1.....	
3.1 Column 16, Part 1.....		6.3 Column 11, Part 2, Section 2.....	
3.2 Column 12, Part 2, Section 1.....		6.4 Column 11, Part 4.....	
3.3 Column 10, Part 2, Section 2.....		7. Book/adjusted carrying value at end of current period.....	<u>1,014,674</u>
3.4 Column 10, Part 4.....		8. Total valuation allowance.....	
4. Total gain (loss), Column 14, Part 4.....		9. Subtotal (Lines 7 plus 8).....	<u>1,014,674</u>
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.....	
Column 6, Part 4.....	<u>1,039,842</u>	11. Statement value of bonds and stocks, current period.....	<u>1,014,674</u>

**SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS**

**Allocated by States and Territories**

			1	2	Direct Business Only			
			Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6
State, Etc.					Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1.	Alabama	AL .....	... No ...	... No ...				
2.	Alaska	AK .....	... No ...	... No ...				
3.	Arizona	AZ .....	... No ...	... No ...				
4.	Arkansas	AR .....	... No ...	... No ...				
5.	California	CA .....	... No ...	... No ...				
6.	Colorado	CO .....	... No ...	... No ...				
7.	Connecticut	CT .....	... No ...	... No ...				
8.	Delaware	DE .....	... No ...	... No ...				
9.	District of Columbia	DC .....	... No ...	... No ...				
10.	Florida	FL .....	... No ...	... No ...				
11.	Georgia	GA .....	... No ...	... No ...				
12.	Hawaii	HI .....	... No ...	... No ...				
13.	Idaho	ID .....	... No ...	... No ...				
14.	Illinois	IL .....	... No ...	... No ...				
15.	Indiana	IN .....	... No ...	... No ...				
16.	Iowa	IA .....	... No ...	... No ...				
17.	Kansas	KS .....	... No ...	... No ...				
18.	Kentucky	KY .....	... No ...	... No ...				
19.	Louisiana	LA .....	... No ...	... No ...				
20.	Maine	ME .....	... No ...	... No ...				
21.	Maryland	MD .....	... No ...	... No ...				
22.	Massachusetts	MA .....	... No ...	... No ...				
23.	Michigan	MI .....	... Yes ...	... Yes ...			78,676,401	
24.	Minnesota	MN .....	... No ...	... No ...				
25.	Mississippi	MS .....	... No ...	... No ...				
26.	Missouri	MO .....	... No ...	... No ...				
27.	Montana	MT .....	... No ...	... No ...				
28.	Nebraska	NE .....	... No ...	... No ...				
29.	Nevada	NV .....	... No ...	... No ...				
30.	New Hampshire	NH .....	... No ...	... No ...				
31.	New Jersey	NJ .....	... No ...	... No ...				
32.	New Mexico	NM .....	... No ...	... No ...				
33.	New York	NY .....	... No ...	... No ...				
34.	North Carolina	NC .....	... No ...	... No ...				
35.	North Dakota	ND .....	... No ...	... No ...				
36.	Ohio	OH .....	... No ...	... No ...				
37.	Oklahoma	OK .....	... No ...	... No ...				
38.	Oregon	OR .....	... No ...	... No ...				
39.	Pennsylvania	PA .....	... No ...	... No ...				
40.	Rhode Island	RI .....	... No ...	... No ...				
41.	South Carolina	SC .....	... No ...	... No ...				
42.	South Dakota	SD .....	... No ...	... No ...				
43.	Tennessee	TN .....	... No ...	... No ...				
44.	Texas	TX .....	... No ...	... No ...				
45.	Utah	UT .....	... No ...	... No ...				
46.	Vermont	VT .....	... No ...	... No ...				
47.	Virginia	VA .....	... No ...	... No ...				
48.	Washington	WA .....	... No ...	... No ...				
49.	West Virginia	WV .....	... No ...	... No ...				
50.	Wisconsin	WI .....	... No ...	... No ...				
51.	Wyoming	WY .....	... No ...	... No ...				
52.	American Samoa	AS .....	... No ...	... No ...				
53.	Guam	GU .....	... No ...	... No ...				
54.	Puerto Rico	PR .....	... No ...	... No ...				
55.	U.S. Virgin Islands	VI .....	... No ...	... No ...				
56.	Canada	CN .....	... No ...	... No ...				
57.	Aggregate other alien	OT .....	... X X X ...	... X X X ...				
58.	TOTAL (Direct Business) .....		... X X X ...	(a)..... 1			78,676,401	
DETAILS OF WRITE-INS								
5701	.....							
5702	.....							
5703	.....							
5798.	Summary of remaining write-ins for Line 57 from overflow page .....							
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above) .....							

(a) Insert the number of yes responses except for Canada and Other Alien.  
Explanation of basis of allocation of premiums by states, etc.:

**SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP**  
**PART 1 - ORGANIZATIONAL CHART**

